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In the Supreme Court
OF THE
United States

OCTOBER TERM 1948

No. 686

WARREN W. DUNNELL,
Petitioner,

vs.

SAFEWAY STORES, INCORPORATED (a corporation),
Respondent.

BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR CERTIORARI.

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BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR CERTIORARI.

OPINIONS BELOW.

The Opinion of the Examiner of Interferences is not officially reported but is set forth in the Appendix to this brief. The Opinion of the Assistant Commissioner of Patents is reported in 69 U.S.P.Q. 204, 36 T.M. Rep. 140, 169 M-S 13. The Opinion of the District Court is reported in 75 F. Supp. 900, 38 T.M. Rep.

679. The Opinion of the Court of Appeals is reported in 172 F. (2d) 649, 80 U.S.P.Q. 115. The Opinion of the Court of Appeals denying petition for rehearing has not yet been reported; it appears in the Record at p. 419.

STATEMENT OF THE CASE.

Introduction.

We will reply to all substantial points made by petitioner. However, we should like to emphasize that this case is not one warranting the attention of this Court. The petition and supporting brief cite no authorities showing any conflict in the Circuits, nor any conflict between the position of the Court of Appeals and that of the California Courts. Nor is there any such conflict nor any error. This case involves merely appraisal of facts, drawing of inferences and application of established legal principles. The case has had the thorough and disinterested attention of the Court of Appeals for the Ninth Circuit, after prior sifting and analysis of fact and law by the patent officers and the district judge. Further review should be denied under the established principles governing the exercise by this Court of its discretion to review. Rule 38; *Layne & B. Corp. v. Western Wells Works,* 261 U.S. 387, 393, 67 L. Ed. 712, 714, 43 S. Ct. 422 (1922).

Respondent's business.

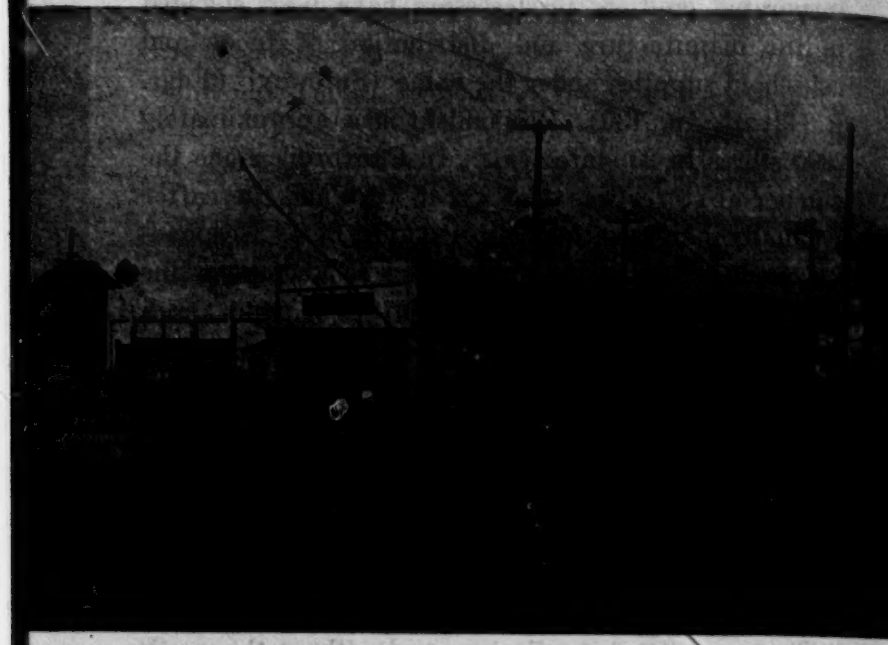
Since 1926—long prior to petitioner's first use of the name in 1933—respondent Safeway Stores, Incorporated, and its predecessors have been engaged in the manufacture and distribution of foods and household supplies under the name "Safeway" (Fdgs. R. 42; R. 79, 130). Respondent has approximately 2300 stores in 23 states (id.). In California alone the number of stores was over 322 in 1926 and thereafter gradually increased to 1288 in 1933 (R. 130).[1] Respondent handles in its stores—in addition to a complete line of foods and groceries—large quantities of paper products, including paper toilet tissue, sanitary napkins, facial tissue, paper cups, paper towels and paper napkins (Fdgs. R. 42; R. 81). Respondent's sales of toilet tissue in Southern California alone aggregated $73,651 in 1934 and increased thereafter to sales of $389,642 in 1946.

Respondent's name and reputation.

The name "Safeway" alone and without the words "Stores" and "Incorporated" is prominently displayed by respondent, Safeway Stores Incorporated, in signs on its stores and other forms of advertising (R. 82-85, 236-237, 239-242; see Fdgs. R. 42). A typical

[1]Petitioner's assertions that in 1933 at the time of his first use there were only "a comparatively very few of such stores in California" (Pet. p. 2; Ptr's Br. pp. 4-5, 6, 16) is contrary to the undisputed evidence and findings and is supported by no evidence.

example of respondent's store signs is shown in the reproduction of Patent Office Ex. 6 which appears below.



In addition to its use of "Safeway" as a trade name respondent sells certain of its more important products, notably vegetables and many of its meats, under the mark or name "Safeway" (R. 247-250, Patent Office R., Selby Dep. Exs. 11-41).[2] These exhibits show "Safeway" meats and vegetables. It does not use the that respondent advertises its meats and vegetables as

[2]Petitioner's suggestions that respondent does not sell goods under its name "Safeway" (Pet. p. 3, Ptr's Br. pp. 5, 17, 36) are unsupported by the evidence and contrary to the foregoing undisputed evidence.

name "Safeway" as a brand name or mark on its paper products but they are of course sold in the Safeway Stores under the name "Safeway".

By reason of respondent's extensive business and its use and advertising of the name "Safeway", that name has come to mean respondent in the public mind; that is, the name "Safeway" means to the public, Safeway Stores, Incorporated, a large manufacturing, distributing and retailing enterprise dealing in groceries and household products, including toilet tissue and a wide variety of other paper products (Figs. R. 42; R. 91, 104).

Petitioner's business and use of the name "Safeway".

In 1933—long after respondent's widespread use of the name "Safeway"—petitioner Dunnell commenced manufacturing paper toilet seat covers in Los Angeles (R. 74, 152). He sells them principally to building maintenance concerns for distribution, in California and other western states, to the general public in public toilets (R. 340-342). He uses the name "Safe Way" on toilet seat cover dispensing cabinets (Ex. V) and on cartons and advertising materials (Exs. O, P, Q, R, S) but not on the covers themselves (R. 156). These dispensing cabinets are installed in toilet stalls and on them the name "Safe Way" appears together with a pictorial representation of a seat cover and without any name or writing to indicate the source (R. 156, Ex. V). In some of petitioner Dunnell's advertising the words "Safe Way" appear alone (Ex. O). In other of his advertising

and on shipping containers there appears also the name "Sani-Gard Cover Co.", the fictitious name under which petitioner does business. The following reproduction of Deposition Ex. P, discloses various of the uses petitioner makes of the name:

SAFE-WAY..... THE LATEST IN PERSONAL AND PUBLIC SANITATION YET THE MOST ESSENTIAL

Compact Dispenser

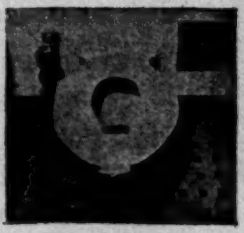
• The SAFE WAY Cabinet makes easily available the paper toilet seat covers, at the same time keeping them clean and sanitary. The attractive SAFE WAY Cabinet readily dispenses only one cover at a time, without any possibility of its tearing, eliminating waste.

SAFE WAY Cabinets are made of heavy gauge steel, white baked enamel finish, and provided with Standard Cabinet Lock.

SAFE WAY

• SAFE WAY is a pad style paper seat cover with our completely protective self-disposing flap. This patented design, No. 2,025,941, gives the necessary and all important sanitary protection, and the slits in the large end of the flap guarantee automatic disposal when the toilet is flushed.

SAFE WAY covers are individually cut sheets, each one super-imposed upon the other, making for compact cleanliness and efficiency in cabinet dispensing.



Complete Seat Coverage

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• The illustration to the right shows the seat cover flap as it drops into the water with the ingenious self disposal slits in the large end of the flap. When the toilet is flushed the rush of water catches on the slits, exerts an emphatic pull on the flap and drags the cover automatically off the seat into the bowl, disposing of it completely without any action on the part of the user.

All our covers made with this completely protective flap, and its self disposing slits.

SAFE WAY

Relationship of products and business.

Toilet seat covers are distributed to the public by two methods. In large part they are distributed to the public through concerns and institutions maintaining public toilet facilities (R. 43). Respondent Safeway Stores, Incorporated, sells its numerous and varied products, including paper toilet products, to the great mass of the public who patronize these public toilet facilities, who use the covers, and who see the name "Safe Way" on the toilet seat cover dispensing cabinets (R. 42).

Toilet seat covers are *also* sold to the general public in retail stores like respondent's for individual use by the public (R. 143-144, 158-159). There is a continuous demand for the covers for store sale (R. 158-159). According to the advertising literature of petitioner Dunnell himself, they are a popular item in stores (R. 143-144, Exs. O, P, R, S). A reproduction of a portion of Ex. R showing a Travel Aid kit of toilet seat covers for store sale put out by petitioner under the name "SlideAway" follows:

Slide Away Covers
Attractively Packed for
Travel Aid or Guest Packs

●

★TRAVEL AID Packages for resale by stores prove a popular item if displayed for sale to the Traveling Public. Ten covers to a package. Ten packages in each Display Carton. Paper Seat Covers put up this same way as GUEST PACKS are effective good will producers for distribution by Hotels, Clubs and Resorts of all kinds.

Obviously, toilet seat covers are suitable for store sale, not only to tourists and travelers, but to boarding houses, guest houses, farms and other establishments where the toilet facilities are used in common by persons not members of the same family. Such users and purchasers of seat covers are members of the general public who also patronize respondent and regularly purchase its goods, including toilet tissue, paper towels, sanitary napkins, paper napkins, and the many other products handled by it. Such persons know respondent as "Safeway", they know that stores like respondent sell paper products, including *paper toilet seat covers.*

In fact, respondent has not yet added toilet seat covers to the products handled by it. However, it is respondent's policy constantly to add new items to those theretofore handled as justified by demand (R. 251-252). The toilet seat cover business is now in its infancy and the use and acceptance of the product will undoubtedly grow tremendously (R. 159).

Petitioner's bad faith.

Finally, the evidence shows that petitioner is seeking to take advantage of the reputation that respondent has developed by its business practices. Thus, although petitioner denied knowledge of the existence of respondent in 1933 when petitioner first used the name in Los Angeles (R. 141), on the presentation of evidence of the existence in 1933 of 320 stores located at prominent points in the business and residential areas of Los Angeles, all designated as Safeway

Stores (R. 139-142), his counsel admitted that in 1933 he knew of respondent (R. 140). Obviously, petitioner did know and adopted the name knowing of its value and repute. Petitioner has now reverted (Pet. pp. 2, 3; Petr.'s Br. pp. 16, 19) to the position originally taken by him that he "had not noticed them" in 1933.

As shown by the foregoing illustrations, and as emphasized by the Court of Appeals, petitioner's printing of the name "Safe Way" was in block capital lettering very similar to that used by respondent Safeway Stores, Incorporated.

Although in this proceeding petitioner has maintained that his products, paper toilet seat covers, are not suitable for over-the-counter sale in stores, even to the point of denying that he ever attempted to sell them for such purpose (R. 343, 369-370), the record shows conclusively that he advertised for sale over the counter (Exs. O, P, Q, R, S), and that paper toilet seat covers are so sold is established by the uncontradicted testimony of Mr. Crebbs, a competing manufacturer (R. 158-159).

Proceedings in the Patent Office.

Such was the factual situation in 1942 when petitioner Dunnell applied to the Patent Commissioner under the Federal Trademak Act (15 U.S.C. sec. 81 et seq.) for registration of the name "Safe Way" as a trademark for paper toilet seat covers (R. 188). Respondent Safeway Stores, Incorporated, first learning

of petitioner's use of the name from the publication of his application in March, 1944 by the patent office, opposed it. Both the Examiner and, on appeal, the Assistant Commissioner (69 U.S.P.Q. 204, 36 T.M. Rep. 140, 169 M-S 13) sustained respondent's opposition. Their decisions were grounded on Section 85 of the Act, and cases construing it, prohibiting registration of a trademark so resembling another's name or mark as to be likely to cause public confusion or mistake. They found that the name "Safeway" designates respondent, Safeway Stores, Incorporated, in the mind of the public; that petitioner Dunnell's toilet seat covers are similar to toilet tissue, paper towels, sanitary napkins, paper cups and other products dealt in in large quantities by respondent and that, therefore, there was a likelihood of confusion.

Proceedings in the District Court.

Thereafter, in 1946, petitioner Dunnell brought this suit under 35 U.S.C. § 63 in the District Court for the Northern District of California, Southern Division, for a decree requiring the Patent Commissioner to register the name "Safe Way" as a trademark for petitioner's paper toilet seat covers (R. 2). Respondent, Safeway Stores, Incorporated, answered, denying petitioner's right to registration of the distinguishing part of respondent's name as a trademark for toilet seat covers, and by way of counterclaim respondent sought to enjoin petitioner from infringing upon respondent's right in its trade-name "Safeway" by using the name in connection with petitioner's toilet

seat covers (R. 10). After the trial in the District Court, in which the main evidence consisted of the Patent Office record, the Court (Judge Goodman) filed an opinion deciding in favor of petitioner Dunnell on his complaint and against respondent Safeway Stores, Incorporated (R. 35) upon its counterclaim. Conceding that the name "Safeway" means to the public respondent Safeway Stores, Incorporated, he, nevertheless, decided, in diametric opposition to the decisions in the Patent Office, that there was no relationship between respondent's products (paper toilet tissue, paper sanitary napkins, paper towels, paper cups, paper napkins, and numerous other grocery and household products) and petitioner's product (paper toilet seat covers) (R. 35-38); and that there was no likelihood of confusion. Findings of fact and conclusions of law (R. 39-49) and judgment (R. 49-50) were entered accordingly on June 18, 1947.

The Lanham Act and the decision of the Court of Appeals.

In July, 1947 (after the judgment in the District Court (June, 1947) but prior to the taking of the appeal to the Court of Appeals (September, 1947)), the Lanham Act, 15 U.S.C. sec. 1051 et seq. (Act of July 5, 1946) became effective and superseded the Trademark Act of 1905 under which the proceedings in the Patent Office and the District Court had been taken. Section 47(b) of the Lanham Act expressly makes the act applicable (in the discretion of the Appellate Court) to appeals pending on July 5, 1947, the effective date of the act. Since this appeal was taken

thereafter, the Lanham Act was plainly applicable by implication, as held by the Court of Appeals (172 F. (2d) at pp. 655-656).

The Lanham Act contains extensive editorial changes of the earlier law but does not greatly affect the substantive problem in this case. It prohibits registration as a trademark of a mark "which so resembles * * * a mark or trade-name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion or mistake or to deceive the purchasers * * *." (15 U.S.C. Sec. 1052(d)).

The Court of Appeals reversed the judgment of the District Court, holding that it erred in disregarding and overruling the decisions in the Patent Office denying registration of the name "Safe Way" as a trademark for toilet seat covers and in denying injunctive relief to respondent on its counterclaim for unfair competition.

ARGUMENT.

We will deal with the following main contentions of petitioner:

1. Petitioner's contention that the Court of Appeals erred in its holding that the Patent Office decisions are controlling on the issue of registrability, See Pet. pp. 6, 11-12, Petr's Br. pp. 48-49.

2. Petitioner's contention that the Court of Appeals erred in holding respondent's counterclaim for in-

junctive relief was within the Court's jurisdiction. See Pet. pp. 12-14, Petr's Br. pp. 23-26.

3. Petitioner's contention that the Court of Appeals erred in holding petitioner guilty of unfair competition. See Pet. p. 9.

4. Petitioner's contention that the Court of Appeals erred in holding respondent not barred by laches or estoppel. See Pet. p. 15, Petr's Br. pp. 6-8, 49-59.

5. Petitioner's contention that the Court of Appeals erred in failing to hold that respondent would not be damaged within the meaning of the Trademark laws by petitioner's registration of the name "Safe Way". See Pet. pp. 14-15, Petr's Br. pp. 35-48.

6. Petitioner's contention that the Court of Appeals erred in failing to hold that the petitioner owns the name "Safe Way" as applied to toilet seat covers. See Pet. pp. 2, 9-11, Petr's Br. pp. 8, 21-22.

7. Petitioner's contention that the Court of Appeals erred in failing to hold that respondent is barred from relief by the use of the name "Safe Way" by others. See Pet. p. 3, Petr's Br. pp. 17, 59-62.

We believe that the foregoing embraces all substantial arguments made by petitioner. We will not take space to discuss petitioner's arguments concerning the Morton Company (Petr's Br. pp. 63-66) nor his claim that his product is patented (Petr's Br. p. 66), since these arguments seem wholly irrelevant and did not serve as the basis of the decision of any of the tri-

bunals below. The limited scope of review by this Court in its determination as to whether to grant or deny a petition for certiorari has persuaded us not to deal with much of the minutiae of asserted fact and law contained in the petition and petitioner's brief. Our silence is not a concession.

1. The Patent Office decisions are controlling. (See Pet. pp. 6, 11-12, Petr's Br. pp. 48-49.)

Petitioner seems to argue that since Revised Statutes 4915 (35 U.S.C. Sec. 63) under which he proceeded after the Patent Office decisions, provides for an independent bill in equity in the District Court and a trial *de novo*, the Patent Office decisions are not controlling on the District Judge. This argument ignores and is contrary to the doctrine of administrative finality laid down in *Morgan v. Daniels*, 153 U.S. 120, 14 S. Ct. 772, 38 L. Ed. 657 (1894), so clearly stated in the opinion of the Court of Appeals (172 F. (2d) 652-656). Without dissent the cases recognize that in a suit under R. S. 4915 the District Court is bound by the decision of the Patent Office on a question such as that here presented—whether confusion of the public is reasonably likely—unless the contrary is established by evidence which in character and amount carries thorough conviction. *American Steel Foundries v. Robertson*, 262 U.S. 209, 67 L. Ed. 953, 43 S. Ct. 541 (1923); *Morgan v. Daniels*, 153 U.S. 120, 14 S.Ct. 772, 38 L. Ed. 657 (1894); *Century Distilling Co. v. Continental Distilling Co.*, 106

F. (2d) 486, 489, Cir. 3 (1939); *Yale Electric Corporation v. Robertson,* 26 F. (2d) 972, 973, Cir. 2 (1928); *Loughran v. Quaker City Chocolate and Confectionery Co.,* 296 F. 822, Cir. 3 (1924); *Solventol Chemical Products v. Langfield,* 41 F. Supp. 877, E.D. Mich. (1941); *Minnesota Mining & Mfg. Co. v. Carborundum Co.,* 155 F. (2d) 746, Cir. 3 (1946). The analysis contained in the opinion of the Court of Appeals shows plainly that there was no evidence in the District Court even tending to establish that the Patent Office erred. That opinion makes it plain that the rule of administrative finality is applicable here.

2. Respondent's counterclaim for injunctive relief was within the Court's jurisdiction. (See Pet. pp. 12-14, Petr's Br. pp. 23-26.)

Petitioner argues that there is no jurisdiction of the counterclaim to enjoin petitioner from use of the name "Safe Way" as a trademark for his paper toilet seat covers. He contends that the "matter in controversy" does not exceed $3,000 within the meaning of Judicial Code, Sec. 24, since, so he argues, respondent has suffered no damage. This claim is devoid of merit.[3]

[3]Petitioner's assertion that the District Judge dismissed the counterclaim "for want of jurisdiction" (Pet. pp. 6-7) is incorrect. The Record discloses that the District Court held that it had jurisdiction of the counterclaim and decided it against respondent on the merits. See Judgment (R. 49-50); Conclusions of Law (R. 46).

a. Jurisdiction of the subject matter of the complaint carries with it jurisdiction of the counterclaim regardless of the amount involved in the counterclaim.

Respondent's counterclaim for injunctive relief arose out of "the transaction or occurrence that is the subject matter" of Dunnell's complaint, within the meaning of Rule 13(a), Federal Rules of Civil Procedure. Both the complaint and counterclaim arose out of the parties' respective claims of ownership and right of use of the name "Safe Way". The basic question under both the complaint and the counterclaim is whether Dunnell's use of the name is reasonably likely to cause public confusion or mistake. The counterclaim is plainly a compulsory one which "arises out of the transaction or occurrence that is the subject matter" of the complaint and which is barred if not asserted as a counterclaim. Rule 13(a) *Federal Rules of Civil Procedure; Moore v. N. Y. Cotton Exchange,* 270 U.S. 593, 609-610, 46 S. Ct. 367, 70 L. Ed. 750, 45 A.L.R. 1370 (1926); *Hancock Oil Company v. Universal Oil Products,* 115 F. (2d) 45, Cir. 9 (1940); *Thierfeld v. Postman's etc. Corp.,* 37 F. Supp. 958, S.D.N.Y. (1941); *California Code of Civil Procedure,* section 439; *Kittle Mfg. Co. v. Davis,* 8 Cal. App. (2d) 505, 512, 47 P. (2d) 1089 (1935).

Such a counterclaim is auxiliary to the claim asserted in the complaint and need not be supported by jurisdictional grounds independent of those upon which the complaint is based, even though, as in the case at bar, the complaint is dismissed on the merits. *Moore v. N. Y. Cotton Exchange,* 270 U.S. 593, 609-

610, 46 S. Ct. 367, 70 L. Ed. 750, 45 A.L.R. 1370 (1926); *N. Y. Life Ins. Co. v. Kaufmann*, 78 F. (2d) 398, Cir. 9 (1935); *Horwitz v. N. Y. Life Ins. Co.*, 80 F. (2d) 295, Cir. 9 (1935); *Home Insurance Co. of N. Y. v. Trotter*, 130 F. (2d) 800, Cir. 8 (1942); 3 *Moore's Federal Practice*, 2d Ed., sec. 13.15, p. 41; *Shulman & Jaegerman, "Some Jurisdictional Limitations on Federal Procedure"*, 45 Yale Law Journal 393, 411.

b. The amount in controversy does exceed the alleged jurisdictional amount of $3000.

As pointed out in the petition, respondent's counterclaim alleges as independent jurisdictional grounds, that the matter in controversy exceeds $3000 (R. 18). The test as to the jurisdictional amount in a claim for injunctive relief against continuing unfair competition is not the immediate money loss but the value of the business and goodwill involved. *Del Monte Special Food Co. v. California Packing Corp.*, 34 F. (2d) 774, Cir. 9 (1929); *Celite Corp. v. Dicalite Co.*, 96 F. (2d) 242, 249, Cir. 9 (1938); *Hennessy v. Herrmann*, 89 F. 669, N.D. Cal. (1898); *Triangle Publications v. Hanson*, 65 F. Supp. 952 (1946); 2 *Nims, Unfair Competition and Trademarks*, section 363, pp. 1120-1121; 2 *Callman, Unfair Competition and Trademarks, section* 92.3, pp. 1574-1577. See also, *Stork Restaurant, Inc. v. Sahati*, 166 F. (2d) 348, Cir. 9 (1948).

The trial Court found that respondent Safeway Stores, Incorporated, owns and operates "approximately 2300 retail grocery stores" (R. 42); and that

much effort and money have been expended to establish the good will "of the stores under the name 'Safeway'" (id.). The undisputed evidence is that respondent expends approximately $4,000,000 a year advertising the name (R. 133-134, 238, 239), and that its sales in its retail stores under the name "Safeway" aggregate in excess of one-half billion dollars a year (R. 128, 132). Under the authorities it is plain that the amount in controversy exceeds $3,000.

3. The judgment enjoining petitioner from using the name "Safe Way" is in conformity with applicable principles of unfair competition. (See Pet. p. 9.)

The user of a trade-name with an established secondary meaning may enjoin its use by a second user where there is a reasonable likelihood of public confusion, even though the parties are not in competition, under both California and federal decisions. Thus, the Academy of Motion Picture Arts and Sciences (a non-profit institution of the moving picture industry) was protected by injunction against use of the name "Academy" by a drama school (*Academy of Motion Picture Arts and Sciences v. Benson,* 15 Cal. (2d) 685, 104 P. (2d) 650 (1940)). A. &. P. groceries have been protected against A. & P. dyers and cleaners (*Great Atlantic & Pacific Tea Co. v. A. & P. Cleaners & Dyers, Inc.,* 10 F. Supp. 450, W.D. Pa. (1934)), and against A. & P. radios, washing machines, and electric refrigerators (*Great Atlantic & Pacific Tea Co. v. A. & P. Radio Stores, Inc.,* 20 F. Supp. 703, E.D. Pa. (1937)); Yale keys and locks have been pro-

tected against Yale flash lights and flash light batteries (*Yale Electric Corporation v. Robertson,* 26 F. (2d) 972, Cir. 2 (1928)); Rolls Royce automobiles against Rolls Royce radio tubes (*Wall v. Rolls Royce of America,* 4 F. (2d) 333, 334, Cir. 3 (1925)); Tiffany's jewelry store against Tiffany motion picture theatre (*Tiffany & Co. v. Tiffany Productions,* 264 N.Y.S. 459, 147 Misc. 679 (1932), aff'd 260 N.Y.S. 821, 237 App. Div. 801 (1932), aff'd 188 N.E. 30, 262 N.Y. 482 (1933)); Dunhill smoking pipes against Dunhill shirts (*Alfred Dunhill of London v. Dunhill Shirt Shop,* 3 F. Supp. 487, S.D. N.Y. (1929)); Vogue fashion magazine against Vogue hats (*Vogue Co. v. Thompson-Hudson,* 300 F. 509, Cir. 6 (1924), rehearing den. 12 F. (2d) 991 (1926); cert. den. 273 U.S. 701, 71 L. Ed. 850, 47 S. Ct. 98 (1926)); see also *Hanson v. Triangle Publications,* 163 F. (2d) 74 (1947); Life Magazine against Movie Life Magazine (*Time, Inc. v. Barshay,* 27 F. Supp. 870, S.D. N.Y. (1939)).

All of the judicial officers who have passed upon this case—the Examiner of Interferences, the Assistant Commissioner of Patents, the District Judge, and all three of the Justices of the Court of Appeals—have recognized that the name "Safeway" means, to the public, respondent Safeway Stores, Incorporated. All of them except Judge Goodman and Judge Healy have recognized that the goods dealt in by respondent (including paper toilet tissue, paper towels and similar products) and petitioner (paper toilet seat covers) are

at least of a similar character and function. Petitioner's paper toilet seat covers are undeniably similar to respondent's products in each of the following particulars:

(a) Like toilet tissue, paper towels, paper cups, sanitary napkins and facial tissue; paper toilet seat covers constitute a small disposable paper product used as an aid to personal hygiene and sanitation (see samples included in Ex. V).

(b) Like toilet tissue, paper towels and paper cups; paper toilet seat covers are commonly supplied to the public gratis in public lavatories as a sanitary service; and the District Judge found that they were so supplied (R. 43).

(c) Like toilet tissue, paper towels, paper cups, sanitary napkins and facial tissue; paper toilet seat covers are dispensed from a container or cabinet to the general public; and the District Judge found that they were so dispensed (R. 42).

(d) Like toilet tissue, paper towels, paper cups, sanitary napkins and facial tissue (albeit on a lesser scale); paper toilet seat covers are sold in stores to the general public (R. 158-159).[4]

(e) Toilet tissue and paper towels are frequently used by the public as substitutes for toilet seat covers. Thus petitioner states in his advertising literature as one of the "Practical Rea-

[4]Although the District Judge did not so find it is clearly shown by the uncontradicted evidence (R. 158, 159).

sons" for installation of toilet seat covers in public lavatories: "Save toilet tissue and towels, * * *." (Ex. O).

Judge Goodman and Judge Healy seem to take the view that the circumstance that the public uses petitioner's seat covers gratuitously precludes the possibility of public confusion. It seems clear—as concluded by the Patent Officers and the Court of Appeals—that the users of toilet seat covers (whether for pay or without charge) will associate the covers with the apparent sponsor and will esteem or condemn the apparent sponsor in accordance with the quality of the product. The same public that uses the seat covers purchases from respondent. Plainly, the element of gratuity does not negative the likelihood of public confusion and damage to respondent.

4. Respondent is not barred by laches or estoppel. (See Pet. p. 15, Petr's Br. pp. 6-8, 49-59.)

Respondent's defense to petitioner Dunnell's application for registration of the name "Safe Way" under the Trademark statute could not be barred by laches since respondent could not assert its defense until petitioner Dunnell had applied for registration. (See Opinions of Patent Officers and Court of Appeals.) Nor did the District Judge make any finding or conclusion of laches by respondent. His opinion (75 F. Supp. 900) shows that he did not decide the case in favor of petitioner by reason of this asserted defense.

Laches is no defense to a suit for injunctive relief against unfair competition (*McLean v. Fleming,* 96 U. S. 245, 257, 24 L. Ed. 828, 6 S. Ct. (Otto) 245 (1878); *Stork Restaurant Inc. v. Sahati,* 166 F. (2d) 348, 363 Cir. 9 (1948); *Hall v. Holstrom,* 106 Cal. App. 563, 570-571, 289 P. 668 (1930); *Brooks Bros. v. Brooks Clothing of Cal.,* 60 F. Supp. 442, 458, 462, S. D. Cal. (1945); *Great Atlantic & Pacific Tea Co. v. A. & P. Cleaners & Dyers, Inc.,* 10 F. Supp. 450-451, W. D. Pa. (1934); *Yale Electric Corporation v. Robertson,* 26 F. (2d) 972, Cir. 2 (1928)).

Petitioner argues at length (Pet. pp. 4-5, Petr's Br. pp. 6-8, 18, 49-59) that respondent was on notice of petitioner's use of the name, as evidenced by the testimony of petitioner that he installed "Safe Way" dispensing cabinets and seat covers in respondent's Lucerne milk plant in Los Angeles. Petitioner admitted this was as late as March, 1942 (R. 75), (but two months before his application for registration which respondent has consistently and continuously opposed); that respondent had ordered seat covers and cabinets (not, apparently, Dunnell's Safe Way brand) from a jobber and not from Dunnell (R. 69-70); and that the only employee of respondent with whom Dunnell had any contact in connection with the installation was the janitor in the Lucerne plant (R. 76). Surely such "notice" to a janitor in one of respondent's numerous establishments cannot be regarded as such knowledge as would supply a foundation for a claim of laches.

5. Respondent would be damaged within the meaning of the trademark laws by petitioner's registration of the name "Safe Way". (See Pet. pp. 14-15, Petr's Br. pp. 35-48.)

The prohibition in the name clause is not dependent upon proof of actual damage to the opposer; damage will be presumed. *The Asbestone Co. v. Phillip Carey Mfg. Co.,* 41 App. D.C. 507, 510 (1914); *American Tobacco Co. v. Wix,* 62 F. (2d) 835, C.C.P.A. (1933); *Tinker v. Patterson Dental Supply Co.,* 53 App. D.C. 37, 287 F. 1014 (1923); see also, opinions in Patent Office in case at bar. "This limitation [the name clause] is founded upon sound principles of public policy. 'A man's name is his own property, and he has the same right to its use and employment as he has to that of any other species of property.' * * * *the right of opposition is statutory and proof of actual damage is not required* * * *." *The Asbestone Co. v. Phillip Carey Mfg. Co.,* supra. See also *American Steel Foundries v. Robertson,* 269 U.S. 372, 382, 70 L. Ed. 317, 46 S. Ct. 160 (1926).

6. Petitioner does not own the name "Safe Way" as applied to toilet seat covers. (Pet. pp. 2, 9-11, Petr's Br. pp. 8, 21-22.)

Petitioner relies on section 14,270 of the *California Business and Professions Code.* This section provides that any person who has *"first"* adopted and used a trademark is its "original" owner.[5] Petitioner, in quoting the statute, omits the key word *"first"*. Nor need the prior use have been as a trademark. Such

[5]The petition erroneously cites the section as 14,400. This latter section contains an identical provision as to trade names.

prior use as a trade name is sufficient. *California Business and Professions Code,* sec. 14,400; *Great Atlantic & Pacific Tea Co. v. A. & P. Radio Stores, Inc.,* 20 F. Supp. 703, 706, E.D. Pa. (1937); *Vogue Co. v. Thompson-Hudson,* 300 F. 509, Cir. 6 (1924), rehearing den. 12 F. (2d) 991 (1926), cert. den. 273 U.S. 701, 706, 71 L. Ed. 850, 47 S. Ct. 98 (1926); *Hanson v. Triangle Publications,* 163 F. (2d) 74 (1947); *Holly Molding Devices v. Esquire, Inc.,* 148 F. (2d) 355, C.C.P.A. (1945); *Time v. Viobin,* 40 F. Supp. 249 E.D. Ill. (1941). See *Stork Restaurant, Inc. v. Sahati,* 166 F. (2d) 348, Cir. 9 (1948). Admittedly respondent was the prior user. Petitioner did not adopt or use the name until 1933 (Pet. p. 2), whereas, respondent adopted and made extensive use of the name in 1926 and by 1933 had many stores, including some 320 in Los Angeles where petitioner first commenced operations (R. 139-142, 42, 79).

7. Respondent is not barred by use of the name "Safe Way" by others. (See Pet. p. 3, Petr's Br. pp. 17, 59-62.)

This point which is also set forth by the District Judge as a conclusion of law (VI, R. 47) apparently proceeds upon the theory that the word "Safeway", is commonplace, cannot mean respondent and, that, therefore, there is no likelihood of confusion.

That a name or term may be commonplace does not prevent it from acquiring a secondary meaning and does not preclude protection (*Phillips v. The Governor & Co. of Adventurers of England Trading into Hudson's Bay,* 79 F. (2d) 971, Cir. 9 (1935); *Academy of*

Motion Picture Arts & Sciences v. Benson, 15 Cal. (2d) 685, 104 P. (2d) 650 (1940); *Sweet Sixteen Co. v. Sweet "16" Shop, Inc.,* 15 F. (2d) 920, Cir. 8 (1926); *Bill's Gay Nineties v. Fisher,* 41 N.Y.S. (2d) 234 (1943); *Stork Restaurant, Inc. v. Sahati,* 166 F. (2d) 348, Cir. 9 (1948)). These cases protected respectively, the commonplace terms "Hudson Bay", "The Academy", "Sweet Sixteen", "Gay Nineties" and "Stork", since each had acquired a secondary meaning in connection with a particular business. Whether a name has acquired a secondary meaning is a question of fact. That question of fact has been determined in the case at bar in favor of respondent, Safeway Stores, Incorporated, by the District Judge (R. 42) as well as the Patent Officers and the Court of Appeals. That the name is commonplace may make it difficult to invest it with a secondary meaning; but that difficulty does not negative the existence of the secondary meaning, once acquired. All that *American Steel Foundries v. Robertson,* 269 U. S. 372, 70 L. Ed. 317, 46 S. Ct. 160 (1926) (relied upon by petitioner (Petitioner's Br., p. 24)) decided was that the word "Simplex" did not have the requisite secondary meaning. Here the contrary is the case. *Southern Independent Oil & Refining Company v. Safeway Stores, Incorporated,* 48 U.S.P.Q. 220 (1941), also relied upon by petitioner (Petr's Br., p. 23) in which the patent commissioner decided that the sale of gasoline under the name "Safeway" was not likely to confuse the public to the injury of Safeway Stores, Incorporated, was, in effect, overruled by the commissioner in *Safe-*

way Stores, Incorporated v. Safeway Opticians, Inc., 68 U.S.P.Q. 332, 584 O.G. 498 (1946). "* * * insofar as it [the *Southern Oil* case] may be in conflict with the *RCA* case, supra, it must be regarded as overruled by necessary implication." (p. 333.)

"Safeway", moreover, is not commonplace; it is a coined term of fanciful character not to be found in the dictionary. It is well known, but not "commonplace", solely because of extensive and long continued use and advertising by respondent.

The uses of the name "Safeway" by others, relied upon by petitioner, appear in large measure to have been the use of the name by respondent's subsidiaries prior to 1942 (Petr's Br. p. 25). Respondent has succeeded to their assets and goodwill and asserts their rights in this litigation. Their use of the name is the basis for, and cannot possibly impair, respondent's rights. A similar contention relative to the subsidiaries of RCA was expressly rejected in *Radio Corporation of America v. Rayon Corp. of America*, 139 F. (2d) 833, 837, C.C.P.A. (1943).

In addition to the use of the name by respondent's subsidiaries, petitioner Dunnell emphasizes the Patent Office registration of the name by others (Petr's Br. p. 25). The uncontradicted evidence shows that respondent first became aware in about 1938 of these registrations of the name "Safeway" by others (R. 122-123); that since that time respondent has consistently opposed such registrations (R. 123), and that the cases in which these registrations were granted were finally overruled in 1944 in the *Safeway Op-*

ticians case, 68 U.S.P.Q. 332, 584 O.G. 498, cited and relied upon by the Assistant Commissioner of Patents in his decision in the case at bar.

In any case, mere registration of a name in the Patent Office does not show extensive public use.

CONCLUSION.

We think it clear that the decision of the Court of Appeals is in accord with the applicable federal and California decisions regarding registrability and unfair competition. On any doubtful question of California law this Court will accept the decision of the Court of Appeals. *Spiegel's Estate v. Commissioner*, ___ U.S. ___, 93 L. Ed. Adv. Op. 327, 332, 339, 361 (1949); *Helvering v. Stuart*, 317 U.S. 154, 162-165, 87 L. Ed. 154, 159-161, 63 S. Ct. 140 (1942); *MacGregor v. State Mutual Life Insurance Co.*, 315 U.S. 280, 86 L. Ed. 846, 62 S. Ct. 607 (1942).

Petitioner's brief discloses no decision or statute contrary to the decisions of the Court of Appeals and Patent Office.

Although this case is not of such importance as to warrant consideration by this Court, it is of importance to respondent because likelihood of public confusion will increase with the increase in petitioner's use of the name.

The decisions of the Court of Appeals and the Patent Office cannot possibly harm any of petitioner's legitimate business aspirations. Rather they protect

him as well as respondent from vicissitudes in the other's business or reputation. Each party remains free under these decisions to develop and control its own business and reputation without interference from the other.

Dated, San Francisco, California,
May 2, 1949.

Respectfully submitted,
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(Appendix Follows.)

Appendix

Final Hearing
April 25, 1945 HSM:LG

IN THE

United States Patent Office

Opposition No. 23,281

Safeway Stores, Incorporated,
v.
Dunnell

Application No. 453,099, Filed May 19, 1942
Published March 21, 1944

Toilet Seat Covers

Messrs. Mida, Richards & Murray for Safeway Stores, Incorporated.

Mr. Joseph F. Westall, and Messrs. Joseph W. Milburn and John R. Milburn for Warren W. Dunnell.

This is an opposition in which each of the parties has taken testimony and filed a brief. Only the opposer was represented at final hearing.

The allegations contained in the notice of opposition relate to only the name clause of section 5 of the Act as a statutory ground for negativing the right of registration claimed by the applicant.

Applicant seeks registration of the composite mark consisting of the notation "SAFEWAY" in a generally rectangular border together with a pictorial representation of a seat cover. The mark is applied to toilet seat covers and the representation of the goods is disclaimed apart from the mark.

It appears from opposer's testimony that opposer was incorporated under the name of Safeway Stores, Incorporated, on March 24, 1926. At first opposer sold no goods itself but the operations of the various grocery stores for the Safeway organization were carried on by subsidiaries wholly owned by the opposer. In August, 1941, operations were started in New York and New Jersey, and these were conducted by the opposer rather than through a subsidiary as had formerly been the case. Likewise in 1941 the business in the State of Utah was transferred to and operated by the opposer. Operations in Oklahoma and Arkansas were likewise transferred to the opposer shortly after the acquisition of the assets of the Utah business. Finally, on December 31, 1942, all of the business of the former subsidiaries was taken over by opposer and the entire operation of the various Safeway Stores has since been conducted solely by opposer. It appears, therefore, that prior to May 19, 1942, the date of filing of applicant's application herein, opposer was incorporated under the name of Safeway

Stores, Incorporated, and was operating various grocery stores. This is deemed sufficient to entitle opposer to intervene herein under the name clause without regard of any question of priority of use that might be raised. Ariston, Inc., v. Michel & Pfeffer Iron Works, Inc., 566 O. G. 520; 166 Ms. Dec. 588; 62 U. S. P. Q. 503.

It is applicant's contention that opposer is not entitled to intervene herein by reason of laches. Applicant's testimony indicates that it adopted and has continuously used the notation "SAFEWAY" on toilet seat covers since 1933. Applicant urges that inasmuch as opposer has failed to protest against applicant's long use of this mark it is now barred from relief herein.

The validity of this contention is not apparent to the examiner. This proceeding is solely on the statutory question of applicant's right of registration and does not involve the question of its right of use. Obviously, opposer could not file an opposition to registration of a trade-mark until application for such registration had first been made. Opposer herein filed its opposition within the thirty-day period provided by the statute and that is all that is deemed to be necessary. Indeed, it has been held that even where an opposer has agreed that an applicant may use a mark such opposer is nevertheless not estopped to oppose registration of such mark. Skookum Packers Association v. Pacific Northwest Can Company, 403 O. G. 515, 18 C.C.P.A. 792, 45 Fed. (2d) 912.

In the present instance opposer's corporate name is Safeway Stores, Incorporated. Obviously, therefore, applicant's notation "SAFEWAY" is not a complete appropriation of such corporate name. In such cases the question to be determined involves consideration of whether under the facts confusion of persons is likely to occur. American Steel Foundries v. Robertson, 342 O. G. 711, 269 U. S. 372.

In the present instance applicant points out that the notation "SAFEWAY" is of common use in the language and that it forms the subject matter of several registrations issued to other parties. It is applicant's contention, therefore, that this word in and of itself cannot designate merely opposer, and that hence no confusion between the parties would be likely to occur.

The examiner would be inclined to agree with this contention if it were not for the fact that the goods dealt in by the parties are of such a similar nature. Opposer in its grocery stores sells various paper products such as toilet tissue, paper towels, and paper napkins. True, opposer does not sell toilet seat covers. However, it seems to the examiner that such products are very closely related to the paper products which opposer does sell and that the average consumer might reasonably suppose that a paper toilet seat cover sold under the notation "SAFEWAY" was sponsored and sold by the opposer. Indeed, it appears that applicant himself is of the opinion that his toilet seat covers might be readily carried and sold by opposer since he

has approached opposer in an effort to have opposer sell his goods. Considering all the facts involved herein, therefore, it is the examiner's opinion that in view of the nature of the goods confusion of persons and reputations is reasonably likely.

Accordingly, the notice of opposition is sustained, and it is further adjudged that applicant is not entitled to the registration for which he has made application.

Limit of appeal: June 9, 1945.

A. D. Bailey
Examiner of Interferences,
Room 1310.

May 10, 1945.